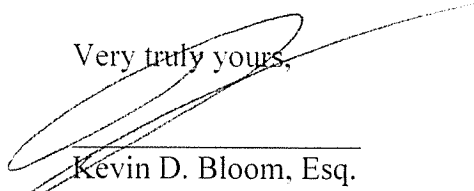


Dated: April 24, 2008
New Windsor, New York

Very truly yours,



Kevin D. Bloom, Esq.
Bloom and Bloom, P.C.
(Attorneys for Plaintiff)
530 Blooming Grove Turnpike
Post Office Box 4323
New Windsor, N.Y. 12553
Telephone: 845-561-6920

JLGHP



ERIE
INSURANCE
GROUP
100 Erie Ins. Pl.
Erie, PA 16530

ERIE®

ERIE INSURANCE COMPANY
ULTRAFLEX POLICY

REVISED DECLARATIONS

AGENT	ITEM 2. POLICY PERIOD	POLICY NUMBER
NN1171 SPENCER INS. AGY., INC.	05/01/06 TO 05/01/07	Q41 5150177 NY
ITEM 1. NAMED INSURED AND ADDRESS	ITEM 3. OTHER INTEREST	
SARINSKY'S GARAGE INC 171 WINDSOR HWY NEW WINDSOR NY 12553-6235		

POLICY PERIOD BEGINS AND ENDS AT 12.01 A.M. STANDARD TIME AT THE STATED ADDRESS OF THE NAMED INSURED.

THE INSURANCE APPLIES TO THOSE PREMISES DESCRIBED AS PER THE ATTACHED SUPPLEMENTAL DECLARATIONS. THIS IS SUBJECT TO ALL APPLICABLE TERMS OF THE POLICY AND ATTACHED FORMS AND ENDORSEMENTS

DEDUCTIBLE (PROPERTY PROTECTION ONLY) - \$ 1,000.

COVERAGES:

PROPERTY PROTECTION - AS PER THE ATTACHED SUPPLEMENTAL DECLARATIONS

1. BUILDINGS

2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS

3. ADDITIONAL INCOME PROTECTION

4. GLASS AND LETTERING

5. SIGNS, LIGHTS AND CLOCKS

DEPOSIT
PREMIUM

\$ INCL

\$ INCL

\$ INCL

\$

\$

\$

LIMITS OF INSURANCE

ERIE GARAGE LIABILITY POLICY Q05-5180139 IN EFFECT

OPTIONAL COVERAGES

MECHANICAL & ELECTRICAL BREAKDOWN

\$ INCL

ENHANCEMENT ENDORSEMENT - AUTO REPAIR SHOPS ENDORSEMENT

\$ INCL

NY STATE MANDATED FIRE INSURANCE FEE

\$ 33.11

TOTAL DEPOSIT PREMIUM - - - - -

\$ 3,647.11

APPLICABLE FORMS - SEE SCHEDULE OF FORMS

SEE REVERSE SIDE

KMR

04/03/06

SUPPLEMENTAL DECLARATIONS

LOCATION 1, BUILDING 1

LOCATION OF PREMISES

OCCUPANCY/OPERATIONS

 171 WINDSOR HIGHWAY, NEW WINDSOR,
 ORANGE CO, NY 12553
 (R/A VAILS GATE FD)

 USED AUTO SALES AND MINOR REPAIR
 NO SPRAY PAINTING

INTEREST OF NAMED INSURED IN SUCH PREMISES - OWNER

PROPERTY PROTECTION

COVERAGES	CO-INS %	AMOUNT OF INSURANCE
1. BUILDINGS	100	\$ 527,500
2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS	100	\$ 220,000
3. ADDITIONAL INCOME PROTECTION OCCURRENCE		\$ 300,000
OPTIONAL COVERAGES - PROPERTY PROTECTION MECHANICAL & ELECTRICAL BREAKDOWN		\$ INCL

ERIE INSURANCE COMPANY
ULTRAFLEX POLICY

REVISED DECLARATIONS

NN1171 SPENCER INS. AGY., INC. 05/01/06 TO 05/01/07 Q41 5150177 NY

SARINSKY'S GARAGE INC
171 WINDSOR HWY
NEW WINDSOR NY 12553-6235

SCHEDULE OF FORMS

FORM NUMBER	EDITION DATE	DESCRIPTION
ULFNY	03/01	ULTRAFLEX PACKAGE POLICY
UF4510	01/06 *	ATTENTION POLICYHOLDERS
ULRG	07/02	EXCLUSION - COLLAPSE
IL0268	11/05 *	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
UF8705*	06/96	IMPORTANT NOTICE - NO FLOOD COVERAGE
ULKA	03/01	EXCLUSION - AUTOMOBILE REPAIR, SERVICE, SALES, RENTAL OR LEASING
FX0002	01/05	ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART - NEW YORK
GU98	09/02	NEW YORK AMENDATORY ENDORSEMENT
IL0952	11/02	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

UF4070*	02/03	POLICYHOLDER DISCLOSURE NOTICE TERRORISM INSURANCE COVERAGE
UF9557	12/99	IMPORTANT NOTICE TO NEW YORK POLICYHOLDERS
UF4110	02/03	IMPORTANT NOTICE TO POLICYHOLDERS - TERRORISM COVERAGE - PROPERTY
ULNH	01/05	MECHANICAL AND ELECTRICAL BREAKDOWN COVERAGE
ULOA	01/05	PRODUCTION OR PROCESS MACHINERY-DEDUCTIBLE
ULLL	01/05	AUTO REPAIR SHOPS ERIEPLACEABLE ENHANCEMENT ENDORSEMENT

KMR 04/03/06

- 7) Property while it is stored or operated underground in connection with any mining operations;
- 8) "Mobile equipment"; or
- 9) Plans, blueprints, designs or specifications.

by the following:

d. Covered Cause of Loss

This coverage insures against risk of "loss" or damage to the covered property, unless the "loss" is excluded in **Section III - Exclusions** of this coverage.

e. Section III - Exclusions: is replaced by the following:

A. We will not pay for "loss" or damage to covered property caused directly or indirectly by any of the following. Such "loss" or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the "loss".

1) Civil Authority

Seizure or destruction of covered property by order of governmental authority.

However, we will cover "loss" caused by acts of destruction ordered by governmental authority to prevent the spread of a fire.

2) Intentional Acts

Intentional loss, meaning any "loss" arising from an act committed by, or at the direction of the insured with the intent to cause a "loss".

3) Neglect

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of "loss".

4) Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination unless fire ensues, and then only for ensuing "loss".

5) War

War, whether declared or undeclared, discharge of a nuclear weapon (even if accidental), hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, including action taken by governmental authority in defending against such an occurrence.

6) Weather Conditions

Weather conditions, but only if weather conditions contribute in any way with a peril excluded in this section to produce the "loss".

7) Seepage or Leakage

Continuous or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

B. We do not cover "loss" or damage resulting from:

1) Criminal, Fraudulent or Dishonest Acts

Dishonest or criminal acts committed by you or any of your members of a limited liability company, or any of your employees, directors, officers, trustees or authorized representatives:

- a) Acting alone or in collusion with other persons; or
- b) While performing services for you or otherwise.

We will cover acts of destruction by your employees but only for ensuing "loss"; but theft by your employees (including leased employees) is not covered.

2) Deterioration or Contamination

- a) Deterioration or contamination;
- b) Wear and tear, rust or corrosion, or rotting;
- c) Change in color, texture, or finish;
- d) Inherent vice;
- e) Any quality, fault, or weakness in the covered property that causes it to damage or destroy itself;
- f) Marring or scratching;
- g) Settling, cracking, shrinking, bulging or expansion of pavements, foundations, walls, sidewalks, driveways, patios, floors, roofs, or ceilings;
- h) Termites, vermin, insects, rodents, birds, skunks, raccoons, spiders, or reptiles.

3) Electricity

Electricity other than lightning unless fire or explosion ensues, and then only for ensuing "loss".

4) Humidity/Temperature

Humidity, freezing or overheating, dampness, dryness, or changes in or extremes of temperature.

5) Loss of Use

Loss of use, business interruption, delay or loss of market.

6) Mechanical Breakdown

We do not pay for "loss" caused by mechanical breakdown including centrifugal force.

However, this exclusion does not apply to "loss" resulting from testing.

7) Missing Property

Missing property where the only proof of "loss" is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property. This exclusion does apply

to covered property in the custody of a carrier for hire.

8) Pollutants

Discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril insured against. But if "loss" or damage by a peril insured against results from the discharge, dispersal, seepage, migration, release, or escape of "pollutants", we will pay for the resulting damage caused by the peril insured against.

- f. **Section V - Deductibles** is replaced by the following:

We will pay the amount of "loss" to covered property in any one occurrence which is in excess of \$500 if the "loss" is only covered by this endorsement.

When the occurrence involves "loss" to covered property under the Mechanics' Tools of the Ultraflex Auto Repair Shops Eriplaceable Enhancements Endorsement and under another Tool Coverage Part, the highest deductible will be applied to the "loss".

- g. The following is added to Paragraph B. **Where in Section IX - When and Where This Policy Applies:**

Coverage applies only while the covered property is in the United States, its territories or possessions, Puerto Rico or Canada. This includes property that is in transit within the continental United States.

- h. The following is added to **Section X - Commercial Property Conditions:**

Valuation

The value of covered property will be based on the actual cash value at the time of "loss" (with a deduction for depreciation).

- i. The following is added to **XI - Definitions**

"Mechanics' non-mobile equipment" means machinery and equipment of a portable nature

that you use in your repairing and servicing operations. "Mechanics' non-mobile equipment" also means powered and non-powered equipment such as portable welders, portable heaters, ladders, scaffolding, mortar mixers, pumps, table/radial saws and generators.

"Mechanics' non-mobile equipment" does not include powered and non-powered hand tools.

2. COVERAGE - EXTRA EXPENSE

Extra Expense Coverage

The following is added to **Extra Expenses of Income Protection of Section VIII - Extensions of Coverage:**

The \$25,000 amount of insurance for which we will pay under **Extensions of Coverage - Income Protection** is increased by \$10,000 for Extra Expenses only.

The maximum amount of insurance we will pay for any one "loss" for "extra expenses" is \$35,000.

3. COVERAGE - CONTRACT PENALTY

We will pay up to \$5,000 for contractual penalties that you are required to pay your customers. These contractual penalties must be a result of any clause in your contracts for failure to timely deliver your products according to the contract terms. These contractual penalties must result from "loss" or damage to your covered property by an insured peril.

4. COVERAGE - PEAK SEASON INCREASE - BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS

The amount of insurance for Business Personal Property and Personal Property of Others (Coverage 2) is increased by 25% of the limit for Business Personal Property and Personal Property of Others (Coverage 2) to cover "loss" to business personal property and personal property of others during a peak season.

Exhibit C



ERIE INSURANCE GROUP

ULTRAFLEX PACKAGE
UL-LL (Ed. 1/05) UF-8620

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
AUTO REPAIR SHOPS ERIEPLACEABLE ENHANCEMENTS
ENDORSEMENT

This endorsement modifies insurance provided under the following:

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

A. The following is added to Paragraph A. **Covered Property of Section I - Coverage 2 - Business Personal Property and Personal Property of Others:**

Business Personal Property and Personal Property of Others -- Coverage B covers:

Your and your employees' tools while in or on the described buildings, or in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof. For tools and equipment off premises, coverage is provided under Paragraph F. 1. **Coverage - Mechanic" Tools.**

B. The amount of insurance under Paragraph B.1. **Accounts Receivable of Section VIII - Extensions of Coverage** is increased from \$25,000 to \$30,000 for any one "loss".

C. The amount of insurance under Paragraph B.21. **Money and Securities of Section VIII - Extensions of Coverage** is increased from \$1,000 to \$5,000 for any one "loss".

D. The amount of insurance under Paragraph B.25. **Pollutants Clean Up and Removal of Section VIII - Extensions of Coverage** is increased from \$10,000 to \$20,000.

E. The amount of insurance under Paragraph B.30. **Valuable Papers and Records of Section VIII - Extensions of Coverage** is increased from \$25,000 to \$30,000 for any one "loss".

F. The following is added to **Section I - Coverages:**

1. COVERAGE - MECHANICS' TOOLS

a. Insuring Agreement

We will pay up to \$10,000 for direct physical "loss" of or damage to covered property caused by any of the covered causes of "loss" listed under **Section II - Perils Insured Against:**

b. Covered Property

We will cover:

- 1) Your portable powered and non-powered hand tools;
- 2) Your employee's portable powered and non-powered hand tools;
- 3) Portable powered and non-powered hand tools in your care, custody or control.
- 4) Your "mechanics' non-mobile equipment;
- 5) Your employee's "mechanics' non-mobile equipment; and
- 6) "Mechanics non-mobile equipment" in your care, custody or control.

We will also cover all portable powered, non-powered hand tools and non-mobile equipment that you lease, rent or borrow from anyone else up to \$2,500 for any one "loss".

c. Property Not Covered

We do not cover:

- 1) Aircraft or watercraft;
- 2) "Automobiles", trucks, tractors, trailers, and similar conveyances designed for highway use or used for over the road transportation of people or cargo;
- 3) Contraband or property in the course of illegal transportation or trade;
- 4) Property while airborne;
- 5) Property that is waterborne, except by fire;
- 6) Property that you loan, lease, or rent to others;

7) Property while it is stored or operated underground in connection with any mining operations;

8) "Mobile equipment"; or

9) Plans, blueprints, designs or specifications.

by the following:

d. Covered Cause of Loss

This coverage insures against risk of "loss" or damage to the covered property, unless the "loss" is excluded in **Section III - Exclusions** of this coverage.

e. Section III - Exclusions: is replaced by the following:

A. We will not pay for "loss" or damage to covered property caused directly or indirectly by any of the following. Such "loss" or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the "loss".

1) Civil Authority

Seizure or destruction of covered property by order of governmental authority.

However, we will cover "loss" caused by acts of destruction ordered by governmental authority to prevent the spread of a fire.

2) Intentional Acts

Intentional loss, meaning any "loss" arising from an act committed by, or at the direction of the insured with the intent to cause a "loss".

3) Neglect

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of "loss".

4) Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination unless fire ensues, and then only for ensuing "loss".

5) War

War, whether declared or undeclared, discharge of a nuclear weapon (even if accidental), hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, including action taken by governmental authority in defending against such an occurrence.

6) Weather Conditions

Weather conditions, but only if weather conditions contribute in any way with a peril excluded in this section to produce the "loss".

7) Seepage or Leakage

Continuous or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

B. We do not cover "loss" or damage resulting from:

1) Criminal, Fraudulent or Dishonest Acts

Dishonest or criminal acts committed by you or any of your members of a limited liability company, or any of your employees, directors, officers, trustees or authorized representatives:

a) Acting alone or in collusion with other persons; or

b) While performing services for you or otherwise.

We will cover acts of destruction by your employees but only for ensuing "loss"; but theft by your employees (including leased employees) is not covered.

2) Deterioration or Contamination

a) Deterioration or contamination;

b) Wear and tear, rust or corrosion, or rotting;

c) Change in color, texture, or finish;

d) Inherent vice;

e) Any quality, fault, or weakness in the covered property that causes it to damage or destroy itself;

f) Marring or scratching;

g) Settling, cracking, shrinking, bulging or expansion of pavements, foundations, walls, sidewalks, driveways, patios, floors, roofs, or ceilings;

h) Termites, vermin, insects, rodents, birds, skunks, raccoons, spiders, or reptiles.

3) Electricity

Electricity other than lightning unless fire or explosion ensues, and then only for ensuing "loss".

4) Humidity/Temperature

Humidity, freezing or overheating, dampness, dryness, or changes in or extremes of temperature.

5) Loss of Use

Loss of use, business interruption, delay or loss of market.

6) Mechanical Breakdown

We do not pay for "loss" caused by mechanical breakdown including centrifugal force.

However, this exclusion does not apply to "loss" resulting from testing.

7) Missing Property

Missing property where the only proof of "loss" is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property. This exclusion does apply

to covered property in the custody of a carrier for hire.

8) **Pollutants**

Discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril insured against. But if "loss" or damage by a peril insured against results from the discharge, dispersal, seepage, migration, release, or escape of "pollutants", we will pay for the resulting damage caused by the peril insured against.

- f. **Section V - Deductibles** is replaced by the following:

We will pay the amount of "loss" to covered property in any one occurrence which is in excess of \$500 if the "loss" is only covered by this endorsement.

When the occurrence involves "loss" to covered property under the Mechanics' Tools of the Ultraflex Auto Repair Shops Eriplaceable Enhancements Endorsement and under another Tool Coverage Part, the highest deductible will be applied to the "loss".

- g. The following is added to Paragraph B. **Where in Section IX - When and Where This Policy Applies:**

Coverage applies only while the covered property is in the United States, its territories or possessions, Puerto Rico or Canada. This includes property that is in transit within the continental United States.

- h. The following is added to **Section X - Commercial Property Conditions:**

Valuation

The value of covered property will be based on the actual cash value at the time of "loss" (with a deduction for depreciation).

- i. The following is added to **XI - Definitions**

"Mechanics' non-mobile equipment" means machinery and equipment of a portable nature

that you use in your repairing and servicing operations. "Mechanics' non-mobile equipment" also means powered and non-powered equipment such as portable welders, portable heaters, ladders, scaffolding, mortar mixers, pumps, table/radial saws and generators.

"Mechanics' non-mobile equipment" does not include powered and non-powered hand tools.

2. COVERAGE - EXTRA EXPENSE

Extra Expense Coverage

The following is added to **Extra Expenses of Income Protection of Section VIII - Extensions of Coverage:**

The \$25,000 amount of insurance for which we will pay under **Extensions of Coverage - Income Protection** is increased by \$10,000 for Extra Expenses only.

The maximum amount of insurance we will pay for any one "loss" for "extra expenses" is \$35,000.

3. COVERAGE - CONTRACT PENALTY

We will pay up to \$5,000 for contractual penalties that you are required to pay your customers. These contractual penalties must be a result of any clause in your contracts for failure to timely deliver your products according to the contract terms. These contractual penalties must result from "loss" or damage to your covered property by an insured peril.

4. COVERAGE - PEAK SEASON INCREASE - BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS

The amount of insurance for Business Personal Property and Personal Property of Others (Coverage 2) is increased by 25% of the limit for Business Personal Property and Personal Property of Others (Coverage 2) to cover "loss" to business personal property and personal property of others during a peak season.



ERIE INSURANCE COMPANY
ERIE INSURANCE COMPANY OF NEW YORK

175 Corporate Woods • Suite 100 • P.O. Box 22840 • Rochester, NY 14692-2840
(585) 214-5800 • Toll Free 1-800-333-0823 • Fax (585) 214-5899 • www.erieinsurance.com

10/16/2006

Sarinsky's Garage, Inc
171 Windsor Hwy
New Windsor, NY 12553-6235

RE: Our Insured: Sarinsky's Garage, Inc
Policy Number: Q41 5150177
Date of Loss: 9-25-06
Claim Number: 010930113259

Dear Mr. Sarinsky:

We have received notice of an occurrence, which took place at 171 Windsor Hwy, New Windsor, NY on the reported date of 09-25-06. As a result of this occurrence, coverage has been requested under policy number Q41 5150177, which was issued to Sarinsky's Garage Inc. by Erie Insurance Company. There is a question whether coverage under this policy applies to this occurrence.

In order that the company may continue to handle this matter, we want you to know that we are proceeding under reservation of rights. We are reserving our rights under the policy for the following reason(s):

The nature of this coverage question is as follows: Please refer to the section of your policy titled:

FX-00-02, (Ed. 1/05) UltraFlex Package

SECTION I – COVERAGES

B. Property Not Covered

Building(s) does not apply to:

6. The cost of excavations, grading, backfilling or filling;
9. Underground pipes, flues or drains;
10. Land (including land on which covered property is located) or water; and

SECTION III – EXCLUSIONS

A. Coverages 1, 2, 3, 4 and 5

We do not cover under Building(s) (Coverage 1); Business Personal Property and Personal Property of Others (Coverage 2); Additional Income Protection (Coverage 3); Glass and Lettering (Coverage 4); and Signs, Lights and Clocks (Coverage 5); "loss" or damage caused

directly or indirectly by any of the following. Such "loss" or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the "loss":

1. Deterioration or depreciation.
3. "Loss" or damage caused by or resulting from any of the following:
 - c. By faulty, inadequate or defective:
 1. Planning, zoning, development, surveying;
 2. Design, specifications, workmanship, repair, construction, renovating, Remodeling, grading, compaction;
 3. Materials used in repair, construction, renovation, or remodeling;
 4. Maintenance;

of property whether on or off the insured premises by anyone, but if "loss" by a peril Insured against results, we will pay for the ensuing loss.

B. Coverages 1, 2 and 3

We do not cover under Building(s) (Coverage 1), Business Personal Property and Personal Property of Others (Coverage 2), Additional Income Protection (Coverage3), "loss" caused:

1. By
 - a. Wear and tear, rust or corrosion;
 - f. Latent or hidden defect;
2. by discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril insured against. But if "loss" or damage by a peril insured against results from the discharge, dispersal, seepage, migration, release, or escape of "pollutants", we will pay for the resulting damage caused by the peril insured against;

SECTION VIII – EXTENSIONS OF COVERAGE

B. Extensions of Coverage

Payments under these Extensions of Coverage are an ADDITIONAL AMOUNT of insurance and will increase the total amount of insurance available for the coverage involved.

25. Pollutants Clean Up and Removal. We will cover the cost to extract "pollutants" from land or water on the insured premises if the release, discharge or dispersal of "pollutants" is caused by a peril insured against during the policy period. We will pay up to \$10,000 for all "losses" throughout the year. The "loss" must be reported to us within 180 days after the "loss" or the end of the policy period, whichever is the later date.

Please also refer to UL-LL (Ed. #/01)

AUTO REPAIR SHOPS ERIEPLACEABLE ENHANCEMENTS ENDORSEMENT

- C. The amount of insurance under Paragraph B.25.
- D. **Pollutants clean up and removal** of **Section VIII – Extensions of Coverage** is increased from \$10,000 to \$20,000.

SECTION X - COMMERCIAL PROPERTY CONDITIONS

18. YOUR DUTIES AFTER LOSS

In case of a covered "loss" you must perform the following duties:

- a. Give us or our Agent immediate notice of loss. If a crime "loss", also notify the police;
- b. Protect the property from further damage. If necessary for the property protection, make reasonable repairs and keep a record of all repair costs;
- e. Show us or our representative the damaged property, as often as may be reasonably required;
- f. Cooperate with us in our investigation of a loss and any "suits";

Please be advised that the removal of the oil tank and any or all remediation work commenced prior to our being able to properly investigate your claim, may void any and all coverages that may have been applicable under this policy.

For any and all reasons set forth above, Erie Insurance Company is reserving its' rights to deny coverage under your Ultraflex Commercial Policy. Though ERIE will continue to investigate the claim, no act, conduct or admission on the part of Erie Insurance, including further investigation or an attempt to negotiate a compromise settlement, shall be construed as a waiver of the rights of Erie Insurance Company to deny coverage under the terms, provisions and conditions of the policy for the reasons set forth herein, which rights are specifically reserved. Neither shall any act or omission of Erie Insurance hereto taken to be considered a waiver or prejudiced to the rights under any of the terms, exclusions, defenses limitations or conditions of the policy whose applicability comes to light as a result of further investigation or litigation. There may be other reasons why coverage does not apply. We do not waive our right to deny coverage for any other valid reason, which may arise.

In any event, we would welcome the opportunity to speak with you regarding our position as outlined in this letter. I can be reached during my regular office hours of 8:00 a.m. to 4:30 p.m., or you may leave a message on my voice mail and I will call you back as soon as possible.

Sincerely,



Rick Flood, CPCU, AIS
Property Specialist II
518-783-6943
518-783-5846 (fax)

CC: Spencer Insurance Agency, Inc.



Erie Insurance Company Erie Insurance Company of New York®

120 Corporate Woods • Suite 150 • Rochester, New York 14623 • Mail Address: P.O. Box 22840 • Rochester, NY 14692-2840
585 214 5800 • Toll free 1 800 333 0823 • Fax 585 214 5899 • www.erieinsurance.com

November 29, 2006

Sarinsky's Garage Inc.
171 Windsor Highway
New Windsor, NY 12553

RE: Our Insured: Dave Sarinsky
Policy Number: Q41 5150177
Date of Loss: reported 9-25-06
Claim Number: 010930113259

Dear Dave:

This letter is to follow up on the Reservation of Rights Letter sent to you earlier. We are currently working with Robson Forensic to determine when and what caused the leak to the underground gas tank. Doug Rowland is working on these issues and has been in contact with Luzon and WCC Tank Technology, Inc. and will be in contact with you concerning the tank in question. As I stated, when I met with you, we need to determine when and what caused the leak to determine if there is any coverage for this loss.

Please call me during my regular office hours of 8:00 a.m. to 4:30 p.m., or leave a message on my voice mail if you have any questions.

Sincerely,

Rick Flood, CPCU, AIS
Property Specialist
518-783-6943

CC: file

PROPERTY STATEMENT OF CLAIM

Insured:	Sarinsky's Garage Inc.	Claim #	010930113259
Policy:	Q41 5150177	Adjuster:	Rick Flood
Date of Loss:	9/25/2006	Date:	3/12/2007

Coverage:

A	\$564,500.00	On: Dwelling
B		On: Other Structures
C	\$220,000.00	On: Personal Property
D	TBD	On: Loss Of Use
Other		On:
Deductible		\$ 1000

STATEMENT OF LOSS

[illegible]